



A BILL FOR AN ORDINANCE

RELATING TO THE DESIGNATION OF REAL PROPERTY TAX CLASSIFICATIONS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to revise the real property tax classifications.

SECTION 2. Section 8-7.1, Revised Ordinances of Honolulu 1990 ("Valuation—Considerations in fixing"), is amended by amending subsections (c), (e) and (f) to read as follows:

- "(c) (1) Land shall be classified, upon consideration of its highest and best use, into the following general classes:
- (A) [Improved residential;
 - (B) Unimproved residential;
 - (C) Apartment;] Residential;
 - [(D)] (B) Hotel and resort;
 - [(E)] (C) Commercial;
 - [(F)] (D) Industrial;
 - [(G)] (E) Agricultural;
 - [(H)] (F) Preservation;
 - [(I)] (G) Public service; and
 - [(J)] (H) Vacant agricultural
- (2) In assigning land to one of the general classes, the director shall give major consideration to the districting established by the city in its general plan and zoning ordinance, and such other factors which influence highest and best use.



A BILL FOR AN ORDINANCE

Notwithstanding the city's zoning district classification, the director shall assign to the agricultural class any land classified as tree farm property under HRS Chapter 186.

- (3) When real property is subdivided into condominium units, each unit and its appertaining common interest:
- (A) Shall be classified upon consideration of the unit's actual use into one of the general classes in the same manner as land; and
 - (B) Shall be deemed a parcel and assessed separately from other units.
- (4) Notwithstanding any provision contained in this subsection, a condominium unit which is used at any time during the assessment year as a time share unit shall be classified for the following tax year as "hotel and resort" unless:
- (A) The unit is on property zoned as apartment, apartment mixed use, apartment precinct, or apartment mixed use precinct,
 - (B) The property on which the unit is located does not include a lobby with a clerk's desk or counter with 24-hour clerk service facilities for registration and keeping of records relating to persons using the property, and
 - (C) The unit is part of a condominium property regime established pursuant to HRS Chapter 514A.

If the requirements of (A), (B) and (C) are met, the time share unit shall be classified as ["apartment."] "residential." For purposes of this paragraph, "assessment year" shall mean the one-year period beginning October 2nd of the previous calendar year and ending October 1st, inclusive, of the calendar year preceding the tax year, and "time sharing" shall be as defined in Section 21-10.1.

- [(5) "Improved residential" means land which is classified as residential by the director upon consideration of its highest and best use which fulfills the provisions of at least one of the following paragraphs:



A BILL FOR AN ORDINANCE

- (A) Land which has been subdivided prior to any assessment year as a lot for single- or two-family residential use in conformity with the then existing county zoning ordinances, and has been approved for sale or approved as being in conformity with all of the subdivision requirements of the city; or
 - (B) Land which is in actual single- or two-family residential use at a density of at least a single- or a two-family residential building per acre; or
 - (C) Land which is sufficiently developed with necessary land improvements to support a use density of at least a single- or two-family residential building per acre.
- (6) "Unimproved residential" means all residential class lands not classified as "improved residential."]
- ~~[(7)]~~(5) "Vacant agricultural" means a parcel, or portion thereof, which would otherwise be classified agricultural by the director upon major consideration of the districting established by the city in its general plan and zoning ordinance and of such other factors which influence highest and best use, but which parcel, or portion thereof: (i) has no residential buildings; and (ii) is not dedicated for agricultural purposes. If a portion of a parcel is dedicated as vacant agricultural, the remainder of the parcel that is zoned agricultural must be dedicated for agricultural use.
- ~~[(8)]~~(6) Notwithstanding any provision contained in this subsection, all lands actually used by a public service company in its public service business shall be classified public service. For purposes of this subsection, a public service company is defined as a public utility, except airlines, motor carriers, common carriers by water, and contract carriers, where:
- (A) "Public utility" means and includes every person who may own, control, operate, or manage as owner, lessee, trustee, receiver, or otherwise, whether under a franchise, charter, license, articles of association, or otherwise, any plant or equipment, or any part thereof, directly or indirectly for public use, for the transportation of passengers or freight, or the conveyance or transmission of telecommunications messages, or the furnishing of facilities for the transmission of intelligence by electricity by land or water or air within the state, or between points within the state, or for the



A BILL FOR AN ORDINANCE

production, conveyance, transmission, delivery, or furnishing of light, power, heat, cold, water, gas, or oil, or for the storage or warehousing of goods, or the disposal of sewage; provided that the term:

- (i) Shall include any person insofar as that person owns or operates a private sewer company or sewer facility;
- (ii) Shall include telecommunications carrier or telecommunications common carrier;
- (iii) Shall not include any person insofar as that person owns or operates an aerial transportation enterprise;
- (iv) Shall not include persons owning or operating taxicabs, as defined in this subsection;
- (v) Shall not include common carriers transporting only freight on the public highways, unless operating within localities or along routes or between points that the public utilities commission of the State of Hawaii finds to be inadequately serviced without regulation under this chapter;
- (vi) Shall not include persons engaged in the business of warehousing or storage unless the public utilities commission of the State of Hawaii finds that regulation thereof is necessary in the public interest;
- (vii) Shall not include:
 - (aa) The business of any carrier by water to the extent that the carrier enters into private contracts for towage, salvage, hauling, or carriage between points within the state and the carriage is not pursuant to either an established schedule or an undertaking to perform carriage services on behalf of the public generally; and
 - (bb) The business of any carrier by water, substantially engaged in interstate or foreign commerce, transporting passengers on luxury cruises between



A BILL FOR AN ORDINANCE

points within the state or on luxury round-trip cruises returning to the point of departure;

- (viii) Shall not include any person who:
 - (aa) Controls, operates, or manages plants or facilities for the production, transmission, or furnishing of power primarily or entirely from nonfossil fuel sources; and
 - (bb) Provides, sells, or transmits all of that power, except such power as is used in its own internal operations, directly to a public utility for transmission to the public;
- (ix) Shall not include a telecommunications provider only to the extent determined by the public utilities commission of the State of Hawaii, pursuant to applicable state law.
- (x) Shall not include any person who controls, operates, or manages plants or facilities developed pursuant to applicable state law for conveying, distributing, and transmitting water for irrigation and such other purposes that shall be held for public use and purpose; and
- (xi) Shall not include any person who owns, controls, operates, or manages plants or facilities for the reclamation of wastewater; provided that:
 - (aa) The services of the facility shall be provided pursuant to a service contract between the person and a state or county agency and at least 10 percent of the wastewater processed is used directly by the state or county which has entered into the service contract;
 - (bb) The primary function of the facility shall be the processing of secondary treated wastewater that has been produced by a municipal wastewater treatment facility that is owned by a state or county agency;
 - (cc) The facility shall not make sales of water to residential customers;



A BILL FOR AN ORDINANCE

- (dd) The facility may distribute and sell recycled or reclaimed water to entities not covered by a state or county service contract; provided that, in the absence of regulatory oversight and direct competition, the distribution and sale of recycled or reclaimed water shall be voluntary and its pricing fair and reasonable. For purposes of this subparagraph xi, "recycled water" and "reclaimed water" mean treated wastewater that by design is intended or used for a beneficial purpose; and
 - (ee) The facility shall not be engaged, either directly or indirectly, in the processing of food wastes.
- (B) "Motor carrier" means a common carrier or contract carrier transporting freight or other property on the public highways, other than a public utility or taxicab.
- (C) "Contract carrier" means a person other than a public utility or taxicab which, under contracts or agreements, engages in the transportation of persons or property for compensation, by land, water, or air.
- (D) "Carrier" means a person who engages in transportation, and does not include a person such as a freight forwarder or tour packager who provides transportation by contracting with others, except to the extent that such person oneself engages in transportation.
- (E) "Taxicab" means and includes:
 - (i) Any motor vehicle used in the movement of passengers on the public highways under the following circumstances, namely, the passenger hires the vehicle on call or at a fixed stand, with or without baggage for transportation, and controls the vehicle to the passenger's destination; and
 - (ii) Any motor vehicle having seating accommodations for eight or less passengers used in the movement of passengers on the public highways between a terminal, i.e., a fixed stand, in the city of Honolulu, and a terminal in a geographical district outside the limits of the city of Honolulu, and vice versa,



A BILL FOR AN ORDINANCE

without picking up passengers other than at the terminals or fixed stands; provided that passengers may be unloaded at any point between terminals; and provided further that this definition relating to motor vehicles operating between terminals shall pertain only to those motor vehicles whose operators or owners were duly licensed under any applicable provision of law or ordinance and doing business between such terminals on January 1, 1957.

- (F) "Telecommunications carrier" or "telecommunications common carrier" means any person that owns, operates, manages, or controls any facility used to furnish telecommunications services for profit to the public, or to classes of users as to be effectively available to the public, engaged in the provision of services, such as voice, data, image, graphics, and video services, that make use of all or part of their transmission facilities, switches, broadcast equipment, signalling, or control devices.
- (G) "Telecommunications service" or "telecommunications" means the offering of transmission between or among points specified by a user, of information of the user's choosing, including voice, data, image, graphics, and video without change in the form or content of the information, as sent and received, by means of electromagnetic transmission, or other similarly capable means of transmission, with or without benefit of any closed transmission medium, and does not include cable service as defined under applicable state law."

"(e) When a parcel of land which has been classified as agricultural is improved with a single-family dwelling and has qualified for a home exemption for the tax year, that portion of the parcel which is used for residential purposes shall be classified as [improved] residential. This classification shall:

- (1) Apply only to that portion used for residential purposes;
- (2) Not exceed 5,000 square feet of land and the buildings and improvements on that land; and
- (3) Remain in effect only so long as the property qualifies for a home exemption."



A BILL FOR AN ORDINANCE

“(f) When a parcel of land which has been classified as preservation is improved with a single-family dwelling and has qualified for a home exemption for the tax year, that portion of the parcel which is used for residential purposes shall be classified as [improved] residential. This classification shall:

- (1) Apply only to that portion used for residential purposes;
- (2) Not exceed 5,000 square feet of land and the buildings and improvements on that land; and
- (3) Remain in effect only so long as the property qualifies for a home exemption.”

SECTION 3. Section 34-3.6, Revised Ordinances of Honolulu 1990 (“Special tax maximum for residential parcel”), is amended by amending subsection (b) to read as follows:

“(b) For the purpose of this section, “residential parcel” means a parcel classified as [improved] residential [or apartment] for real property tax purposes.”

SECTION 4. Section 41-10.2, Revised Ordinances of Honolulu 1990 (“Definitions”), is amended by amending the definition of “Property” to read as follows:

““Property” means real property and applies to:

- (1) The first tier of privately or government owned vacant lots abutting both sides of all public or privately owned streets open to the public; provided, that the depth in connection with the first tier of lots shall not exceed 150 feet from the property line abutting said public streets; and provided further, that this article shall not apply to real property zoned as agriculture, country and preservation under Chapter 21 of this code; and
- (2) Privately owned vacant lots of 7,500 square feet or less which abut [an] a [improved] residential [or apartment] lot or lots.”

SECTION 5. Ordinance material to be repealed is bracketed. New material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, the bracketed material, or the underscoring.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE 07-10

BILL 022 (2007), CD1

A BILL FOR AN ORDINANCE

SECTION 6. This ordinance shall take effect upon its approval and apply to tax years beginning July 1, 2008 and thereafter.

INTRODUCED BY:

Todd Apo

DATE OF INTRODUCTION:

February 13, 2007
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

L. M. G.
Deputy Corporation Counsel

APPROVED this 17th day of May, 2007.

Mufi Hannemann
MUFU HANNEMANN, Mayor
City and County of Honolulu

(OCS/040307/ct)

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

ORDINANCE 07-10

BILL 22 (2007), CD1

Introduced: 02/13/07 By: TODD APO

Committee: BUDGET


Title: A BILL FOR AN ORDINANCE RELATING TO THE DESIGNATION OF REAL PROPERTY TAX CLASSIFICATIONS.

Links: [BILL 22 \(2007\)](#)
[BILL 22 \(2007\), CD1](#)
[CR-97](#)

COUNCIL	02/21/07	BILL PASSED FIRST READING AND REFERRED TO COMMITTEE ON BUDGET.
	APO Y	CACHOLA Y DELA CRUZ Y DJOU Y GARCIA Y
	KOBAYASHI Y	MARSHALL Y OKINO Y TAM Y
SPECIAL BUDGET	02/23/07	BILL DEFERRED IN COMMITTEE.
BUDGET	03/28/07	CR-97 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AND SCHEDULING OF A PUBLIC HEARING AS AMENDED IN CD1 FORM.
PUBLISH	03/31/07	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR-BULLETIN.
COUNCIL/PUBLIC HEARING	04/11/07	BILL PASSED SECOND READING AS AMENDED (BILL 22 (2007), CD1), CR-97 ADOPTED, PUBLIC HEARING CLOSED AND REFERRED TO BUDGET COMMITTEE.
	APO Y	CACHOLA Y DELA CRUZ Y DJOU Y GARCIA Y
	KOBAYASHI Y	MARSHALL Y OKINO Y TAM Y
PUBLISH	04/16/07	SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR BULLETIN.
BUDGET	04/18/07	CR-144 – BILL 22 (2007), CD1 – REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING
COUNCIL	05/02/07	BILL 22 (2007), CD1 PASSED THIRD READING AND CR-144 ADOPTED.
	APO Y	CACHOLA Y DELA CRUZ Y DJOU Y GARCIA Y
	KOBAYASHI Y	MARSHALL Y OKINO Y TAM Y

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.


DENISE C. DE COSTA, CITY CLERK


BARBARA MARSHALL, CHAIR AND PRESIDING OFFICER